

QW34: What has been the total amount (for each of the past 5 years) of loans to small business that have been 'lost' by the bank for loans:

- a) residentially secured; and
- b) not residentially secured?

Answer: The table below shows data relating to loans to small businesses as at 30 September in the respective years. We consider that loans 'written off' and loans 'lost' are the same. In the case of loans written off, we do not systematically record the original security type and therefore cannot provide the breakdown between residentially secured and non-residentially secured for this item.

\$m	2011	2012	2013	2014	2015
Balance	7,944	8,026	13,593	13,583	14,566
Default loans					
Residentially secured	25	24	24	37	30
Not residentially secured	72	86	213	213	207
Loans written off	49	98	40	133	68

Importantly, defaults and write-offs on loans are currently at quite low levels by historical standards, reflecting the continued growth in the Australian economy, but over the economic cycle can increase quite significantly. The chart below shows impairment charges (across all loan types) as a percentage of average loans from 1985 to today. Impairments increased significantly during the early-1990s recession and by a smaller amount during the GFC. We need to manage our loan portfolios, capital reserves and pricing through the cycle to ensure that we can continue to operate throughout economic downturns.

